

Earned Income Tax Credit in a Nutshell for 2007

Rules for Everyone:

- You must have a valid Social Security Number that allows you to work.
- Your filing status cannot be "married filing separately."
- You must be a U.S. citizen or resident alien all year.
- You cannot file Form 2555 or Form 2555-EZ (not relating to earned income).
- Your investment income must be \$2,900 or less.
- You must have earned income.
- You cannot be a qualifying child of another person.

Rules If You Have A Qualifying Child:

- Your child must meet the relationship, age and residency tests.
- If your qualifying child is the qualifying child of another person only one person can take the EIC based on that child.

Rules If You Do Not Have A Qualifying Child:

- You must be at least age 25 but under age 65.
- You cannot be the dependent of another person.
- You must have lived in the United States more than half of the year.

Figuring Earned Income and Modified Adjusted Gross Income (AGI):

Your earned income and modified AGI for 2007 must be less than:

- \$37,783 (\$39,783 married filing jointly) with two or more qualifying children;
- \$33,241 (\$33,241 (\$35,241 married filing jointly) with one qualifying child;
- \$12,590 (\$1490 married filing jointly) with no qualifying children.

Tax Year 2007 **maximum** credit:

- \$4,716 with two or more qualifying children;
- \$2,853 with one qualifying child;
- \$428 with no qualifying children.

The maximum Advance Earned Income Tax Credit (AEITC) for TY 2007 the employer is allowed to provide throughout the year with the employee's pay is \$1,712.

For additional information on EITC rules and examples, see IRS Publication, Earned Income Tax Credit, which is available by calling 1-800-829-2676 or via the internet at www.irs.gov.